INFORMATION LETTER

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PRE-DRAFT EXAMINATIONS

Physical Tests to be Given Twenty-one Days Prior to Induction

National Headquarters of the Selective Service System has announced that henceforth all registrants, with the exception of those ordered to report for induction prior to February 1, will be given pre-induction physical examinations at least 21 days before being inducted into the armed forces.

Because of the period to be allowed between the pre-induction physical examination and induction, the period of three weeks in the enlisted reserve now granted by the Army to inductees and the one-week period which the Navy grants will be eliminated after February 1, Selective Service said.

The announcement, made in cooperation with the War and Navy Departments whose examiners will conduct the pre-induction physical examinations, also said that the present local board screening examination generally will be discontinued except for registrants who have obvious physical defects. Prior to February 1, local boards will continue to give serological tests but after that date necessary blood tests wil be made at the armed forces' induction stations.

As a general rule, only registrants who are in Class I-A will be ordered to report for pre-induction physical examinations, Selective Service said. To carry out the intent of Congress in recent legislation, however, a registrant may request his local board to forward him for a pre-induction physical examination and the local board is authorized to order any registrant to take such an examination when it determines that his induction will shortly occur even though he may be in a class not normally considered available for service.

While for the time being men may be inducted 21 days after qualifying for service at the time of their pre-induction physical examination, Selective Service emphasized that this period will be extended as soon as a large enough pool of physically acceptable men has been established. So that such a pool may be started this month, local boards, in addition to ordering men to report for induction to meet the normal January call of the armed forces, will begin at once to order a substantial number of men now in Class I-A to report for pre-induction physical examinations. This number will be increased month by month to enlarge the pool and extend the time between the registrant's pre-induction physical examination and induction.

A registrant who is delinquent by reason of failure to comply with the Selective Service law or regulations will not be entitled to any intervening period between his physical examination at the Armed Forces Induction Station and the time of induction.

While the present local board screening examination generally is to be eliminated, Selective Service said that a registrant who believes that he has a disqualifying defect which is manifest may request and be given an examination by a local board examining physician prior to the time of reporting for a pre-induction physical examination. Such an examination will be permitted so that a registrant who is manifestly disqualified for service may be rejected at the local board level without having to undergo the complete physical examination given by the armed forces.

MAXIMUM CITRUS PRICES

Details of Program for Pricing Citrus Juices to be Announced

At the time of going to press it was understood that an agreement had been reached to maintain the maximum prices of grapefruit juice to civilians at the 1943 levels established by OPA. This is to be accomplished by a CCC payment program along the lines announced by the War Food Administration on December 16. (See INFORMATION LETTER of December 18, page 7983.)

Offer forms under this grapefruit juice payment program are being mailed to canners, WFA reports.

This program, it is understood, will not be extended to orange juice and blended juice. There were no maximum prices for these items last year but when prices are established by OPA for these two items they will reflect the raw product prices of grapefruit for processing as announced by WFA, and oranges at $52.50 per ton f.o.b. packing house or roadside in Florida and Texas, and $65.00 per ton in California and Arizona.

SENATE VOTES TO CONTINUE 1% SOCIAL SECURITY TAX

President's Annual Message Read to Congress; House Receives Alaska Salmon Bill

One day after the opening of the second session of the 78th Congress, the Senate acted on the Finance Committee's amendments to the House approved tax bill by voting 48 to 17 to continue for another year the one per cent payroll taxes on employers and employees for old-age and survivor's benefits under the Social Security Act. At the same time, on January 11, the President presented his annual message to Congress.

In addition to freezing the one per cent social security tax rate, the Senate approved all Committee amendments dealing with individual and corporate taxes, but postponed until January 17 action on the controversial renegotiation act changes that are carried as a separate title in the tax measure.

The President's message recommended Congressional adoption of the following 5-point program "in order to concentrate all our resources on winning the war, and to maintain a fair and stable economy at home:"

"1. A realistic tax law—which will tax all unreasonable profits, both individual and corporate, and reduce the ultimate cost of the war to our sons and daughters. The tax bill now under consideration by the Congress does not begin to meet this test.

"2. A continuation of the law for the renegotiation of war contracts—which will prevent exorbitant profits and assure fair prices to the Government. For 2 long years I have pleaded with the Congress to take undue profits out of war.

"3. A cost-of-food law—which will enable the Government (a) to place a reasonable floor under the prices the farmer may expect for his production; and (b) to place a ceiling on the prices a consumer will have to pay for the food he buys. This should apply to necessities only; and will require public funds to carry out. It will cost in appropriations about 1 per cent of the present annual cost of the war.

"4. Early reenactment of the stabilization statute of October 1942. This ex-

pires June 30th, 1944, and if it is not extended well in advance, the country might just as well expect price chaos by summer. We cannot have stabilization by wishful thinking. We must take positive action to maintain the integrity of the American dollar.

"5. A national service law—which, for the duration of the war, will prevent strikes, and, with certain appropriate exceptions, will make available for war production or for any other essential services every able-bodied adult in this Nation.

"These five measures together form a just and equitable whole. I would not recommend a national service law unless the other laws were passed to keep down the cost of living, to share equitably the burdens of taxation, to hold the stabilization line, and to prevent undue profits."

Contemporaneous with the receipt of the President's recommendations, Senator Warren R. Austin of Vermont and Representative James W. Wadsworth of New York submitted a substitute proposal for their earlier bill to provide for total mobilization of the nation's manpower and womanpower.

The substitute proposal is designed to provide an adequate supply of workers in war industries and agriculture and in other occupations, activities and employments which the President shall from time to time determine to be essential to the effective prosecution of the war. The measure would apply to all men required to be registered under the Selective Service System and to all women 18 through 49 years of age.

Administration of the proposal would be under a Director of National Service and registration and classification would be by the present selective service boards. Persons assigned to service under the measure would receive the compensation and would work the hours applicable to the kind of work he or she is required to perform. Persons assigned to work under the proposed act "shall have the right to join any union or organisation of employees, but no such person shall be obliged to join . . . if he or she should not freely choose so to do."

Among other provisions in the substitute bill are sections that provide for payment of traveling expenses and occupational training, and for reemployment and maintenance of seniority rights.

A second message was sent to Congress by the President on January 14 containing budget estimates totaling 100 billion dollars for the period of the fiscal year ending June 30, 1945. In this message the President called attention to the problems of contract termination, industrial reconversion, and disposal of surplus property. Recommendations pertaining to these problems are now in preparation, he said, expressing also the hope that machinery for the permanent management of government property can be established in the near future.

In connection with the food program, the President said that a schedule of support prices for war crops has been prepared with the object of encouraging production in 1944. This schedule should be announced well in advance of planting time, he told Congress.

The carrying out of these support prices, however, will depend upon Congressional action on the CCC bill and the support prices must be implemented by appropriate measures such as loans, purchase and resale programs, ceilings, and related production aids, the President stated.

A bill declaring all salmon spawned and hatched in the waters of Alaska to be the property of the United States has been introduced in the House by the Delegate from Alaska, Anthony J. Dimond. The bill (H. R. 3939) would make it unlawful for any person, firm or corporation to fish or take salmon in the waters adjacent to the coast of Alaska, except under the rules and regulations of the Secretary of Interior.

Waters adjacent to the coast of Alaska, for the purposes of the measure, are described as those East of the International Boundary in Bering Sea between the United States and the Union of Soviet Socialist Republics, the depth of which is less than 100 fathoms.

The bill provides for the pursuit and seizure of any vessels engaged in illegal fishing and for government action for damages against an appropriate foreign government.

Refrigerator Car Amendment

Service Order No. 165 of the Interstate Commerce Commission—the order limiting the use of refrigerator cars for the shipment of canned foods—has been amended to prohibit the use of such cars for canned foods from California through Ogden or Salt Lake City, Utah, to points in the South and Southeast. The amended order became effective January 13.

Refrigeration Control Eased

The War Production Board on January 11 announced it had changed specifications to permit greatly increased use of copper and aluminum strip and tubing in the manufacture of commercial and industrial coil and tube assemblies for refrigeration condensers or coolers. This action was taken through the issuance of two amendments to Limitation Order L-126.

WPB Changes L-292 Quotas for Canning Machinery, Equipment

Production quotas of canning machinery and equipment have been changed from a unit basis to a tonnage basis by an amendment to Order L-292, issued January 11 by the War Production Board.

A manufacturer can now fabricate or assemble canning machinery and equipment if he uses no more controlled materials than 110 per cent of the annual average gross tonnage of controlled materials used by him for this purpose during the calendar years 1939, 1940, and 1941.

This allows the manufacturer to use the materials for the production of machinery and equipment that are necessary to fill his orders, thereby doing away with the necessity of conforming to certain quota schedules. However, the amendment does not apply to materials used in the manufacture of dehydrating equipment.

The paragraphs covering production quotas follow:

§ 1226.80 *Production quotas for canning machinery and equipment*—(a) *Purpose of the schedule.* The purpose of this schedule is to fix production quotas for canning machinery and equipment for the year beginning October 1, 1943, and ending September 30, 1944. These quotas shall take the place of the quota provisions of paragraph (g) (2) (ii) of Order L-292 with respect to canning machinery and equipment.

(b) *Definition.* "Controlled material" means controlled material as defined in CMP Regulation 1.

(c) *Production quotas.* During the year beginning October 1, 1943, and ending September 30, 1944, no manufacturer shall use in the fabrication or assembly of canning machinery and equipment (except dehydrators), more controlled materials than 110 per cent of the annual average gross tonnage of controlled materials used by him for this purpose during the calendar years 1939, 1940 and 1941. During the period beginning January 11, 1944, and ending September 30, 1944, each manufacturer may fabricate or assemble dehydrators only to fill rated orders actually received in accordance with Order L-292.

Canadian Preference Ratings

Preference rating orders dealing with canners of fruits, vegetables, and fish, and processors of dairy products and eggs have been amended to conform to basic policy on deliveries to Canada, the War Production Board announced January 10.

The change in the orders indicates that any person in Canada who is au-

thorized to use a preference rating assigned by the orders shall use it in conformity with provisions of Priorities Regulation No. 22, which governs Canadian use of U. S. priorities.

The two orders—Preference Rating Orders P-115 and P-118—assign ratings to the industries affected for the purpose of obtaining replacements or materials needed for more efficient operation of plants.

Instructions on V-Boxes

All canners of fruits and vegetables, who fulfilled Army contracts during the past canning season, were asked January 8 by the Paperboard Division of the War Production Board to place orders immediately for their 1944 requirements for V-boxes and sleeves.

The Quartermaster General authorized each export canner to order as many V-shipping boxes with sleeves as were used during the 1943 canning season, and guaranteed that canners who had placed their orders before January 15, would be protected from losses on any cases ordered but unused.

To avoid delays in deliveries during the peak of the packing seasons, it is necessary that a substantial number of these V-boxes and sleeves be manufactured during the next three months, the Paperboard Division explained.

At the same time boxmakers were instructed to notify the Paperboard Division of WPB when they received orders from packers, so that containerboard may be allocated to them and production started as soon as possible.

Metal Strapping Appeals

Appeals from restrictions on metal strapping for shipping containers may now be filed in regional field offices of the War Production Board, it has been announced. This change has been made for the purpose of decentralizing appeals procedures in the Containers Division, and was effected by amending Conservation Order M-261.

Heretofore, such appeals had to be filed with the Containers Division of WPB in Washington. Appeals may be in the form of letters, but must be filed in triplicate and explain fully the grounds for appeal.

Canners' and Freezers' School

The 23rd annual Canners' and Frozen Food Packers' School, sponsored by the Food Industries Department of Oregon State College, will be held at Corvallis, from February 7 to 17.

M-81 Requirement Changed for Beans, Okra and Spinach

The following authorization was telegraphed January 10 to can manufacturers by Glenn E. Knaub, Administrator of the Food Section of Order M-81, Containers Division of the War Production Board:

"The provisions of Section (c) of Order M-81 (as amended January 3, 1944) are waived to the extent necessary to permit you to manufacture, sell, and deliver cans with 1.25 hot dipped tinplate bodies and 0.50 electrolytic tinplate ends for packing the following products in Schedule I subject to quota restrictions: Item 24, beans, green or wax; Item 34, okra; Item 40, green leafy vegetables including spinach and other green leafy vegetables. You are hereby authorized to inform purchasers, of such cans, of this exception and the purchaser may accept a copy of this wire as evidence of his authority to purchase, accept delivery of and use such cans."

Salmon Can Size in M-81

A typographical error has been found in the original printed copy of Schedule I of Order M-81, which was reproduced in the *Federal Register* for January 4 and the SPECIAL INFORMATION LETTER for January 3. In the can size column opposite Item 64, Salmon (page 85 of the *Federal Register* and page 7999 of the LETTER) "1 flat (401 x 410.5)" should read "1 flat 401 x 210.5."

OCCUPATIONAL DEFERMENT CHANGES ARE MADE

New Regulations Affect Registrants in 18 to 22 Year Age Classification

Effective February 1, occupational deferments generally will be denied 18 to 22-year-old registrants, other than those in agriculture, fathers and non-fathers alike, unless they are engaged in activities in which deferment is specifically authorized by the Director of Selective Service or a State Director of Selective Service, National Headquarters of the Selective Service System announced January 9.

Occupational deferments in effect February 1 for registrants 18 to 22 years old, other than those in agriculture and those excepted by the Director or State Directors of Selective Service, generally will be continued in effect until their present expiration dates but will not be renewed.

This action is expected to release at least 115,000 non-fathers who were in Class II-A and II-B as of January 1, 1944.

The exceptions to the new ruling, other than agriculture, include personnel of the Merchant Marine and the Army Transportation Corps, and persons in training therefor for whom the Recruitment and Manning Organization or the Division of Training of the War Shipping Administration requests occupational deferment and certain limited numbers of students taking scientific or professional courses of training. In no other instances are registrants 18 to 22 years old intended to be given consideration for occupational deferment unless the request in the individual case is supported by a State Director of Selective Service or the Director of Selective Service.

While the new policy calls for a sharp tightening up on deferments of men 18 to 22 years old, Selective Service said that local boards had been directed to continue to give grave consideration to deferment of men over 22 who are engaged in critical occupations. Also, it asserted, it had re-emphasized that in granting occupational deferments, fathers over 22 would normally be given consideration over non-fathers.

Selective Service, in its instructions to local boards, said:

"Effective February 1, 1944, no registrant (whether a non-father or a father) ages 18 through 21 at the time he is classified may be considered as a 'necessary man' entitled to be placed in Class II-A or Class II-B unless:

"(a) There is filed with the local board a Form 42-A Special (request for occupational classification) upon which the State Director of Selective Service in whose State the registrant's principal place of employment is located has endorsed a statement that, based upon the information on the Form 42-A Special, he recommends that the local board except the registrant from the general restriction against the occupational deferment of registrants 18 through 21.

"(b) An exception to the restriction against occupational deferment of registrants ages 18 through 21 is specifically authorized by the Director of Selective Service without a statement from the State Director of Selective Service, as provided in paragraph (a), and the local board determines that the registrant comes within the exception described by the Director of Selective Service."

As to those 18 to 22-year-old registrants in Class II-A or Class II-B on February 1, Selective Service said:

"Unless justified by a change in status or other condition the deferment in Class II-A or Class II-B of a registrant 18 through 21 existing on February 1, 1944, shall not be terminated in advance of its expiration date."

Quarterly Carloading Forecast

Freight car loadings in the first quarter of 1944 are expected to be about 1.2 per cent above actual loadings in the same quarter in 1943, according to estimates compiled by the 13 Shippers' Advisory Boards and made public recently by the Association of American Railroads.

On the basis of these estimates, freight car loadings of the 28 principal commodities will be 8,138,332 cars in the first quarter of 1944, compared with 8,043,164 actual car loadings for the same commodities in the corresponding period in 1943. Compared with a year ago, the Boards expect an increase in the first quarter of 1944 in the loading of 19 commodities, but a decrease in nine.

Among the expected increased shipments, they estimate an 0.5 per cent gain in shipments of canned foods, including catsup, jams, jellies, olives, pickles, preserves, etc.

New War Loan Drive Starts

The Fourth War Loan Drive opens January 18 and closes February 15 with a goal of 14 billion dollars. Of this total goal, 5½ billion is the quota for sales to individuals, 8½ billion for corporations and other non-banking investors. At least one extra $100 bond is the personal quota for everyone with income. Canners will doubtless want to participate to the fullest extent possible.

Following is the list of bonds to be offered:

Series E (for individuals only), F and G Savings Bonds—the familiar War Bonds, registered, non-negotiable, with limits on ownership within any one calendar year.

Series C Savings Notes—denominations from $1,000 to $1,000,000, for Federal tax payments and short term investment.

2½ Per Cent Bond—to be issued in coupon or registered form at buyer's option. Denominations from $500 to $1,000,000. Dated February 1, 1944; due March 15, 1970, callable March 15, 1965.

2¼ Per Cent Bond—to be issued in coupon or registered form at buyer's option. Denominations from $500 to $1,000,000. Dated February 1, 1944, due September 15, 1959, callable September 15, 1956.

⅞ Per Cent Certificate of Indebtedness—to be issued in coupon form only. Denominations of $1,000 to $1,000,000. Dated February 1, 1944, due February 1, 1945.

Canners Must Notify Buyers When They Increase Prices

Canners are required by Maximum Price Regulation No. 306 to notify their buyers of price increases. Such notice must accompany the first shipment after the price increase has been authorized. Amendment No. 25 to MPR 306, which became effective December 31, 1943, authorized a price increase to canners in a number of States, for approved wage increases. The Association has been notified that a number of canners have failed to include notices of this price increase in their first shipments to buyers that were made at the increased price.

Hamilton Made Bank President

Arthur Hamilton, member of the Association's Administrative Council, has been named president of the Lebanon-Citizens National Bank, Lebanon, Ohio. Mr. Hamilton, who also is mayor of the town, has been a director of the bank since 1925. He is well-known in his home State for six terms of service in the Ohio General Assembly and as a former speaker of the House of Representatives of that body.

British Columbia Salmon Pack

Canneries in British Columbia estimate that the current salmon pack will total between 1,250,000 and 1,280,000 cases compared with 1,811,558 cases in 1942, according to the Department of Commerce.

Baby Food Committee Named

A Canned Vegetable Baby Food Industry Advisory Committee has been named by the office of Price Administration. Members are:

L. M. Melius, manager, H. J. Heinz Company, Pittsburgh, Pa.; G. E. Eggers, vice-president, Harold H. Clapp Inc., New York City, N. Y.; Dan Gerber, vice-president, Gerber Products Company, Fremont, Michigan; Sol Paley-Sachs, Houston, Texas; R. J. Hooven, vice-president, Beech-Nut Packing Company, Canajoharie, N. Y.; R. E. Lambeau, manager, The Larsen Company, Green Bay, Wisconsin; C. C. Lippman, The Baby Foods Sales Division, Libby, McNeill and Libby, Chicago, Illinois; and C. O. Culp, manager, Stokely Brothers and Co., Inc., Indianapolis, Indiana.

The OPA committee is identical in membership to a similar committee now serving in an advisory capacity to the War Food Administration.

Florida Tangerine Ceilings

Packers' and wholesalers' maximum prices for Florida tangerines have been restored to levels existing before January 1, 1944, the Office of Price Administration announced January 11, in issuing Amendment No. 9 to Maximum Price Regulation No. 292.

A seasonal drop in ceiling prices went into effect January 1, but, as a revision in the general citrus regulation will be issued shortly, OPA restored the pre-January 1 tangerine ceilings during the interim.

Inasmuch as practically no tangerines were sold in primary markets between January 1 and 10, the effect of the action is to continue prevailing prices.

Tuna, Mackerel Packs Larger

By the end of November the pack of tuna and mackerel had exceeded the 1942 figure for the same period by nearly 400,000 cases, and when the tally of the entire year's production has been completed the increase may be even larger, according to a statement by the Coordinator of Fisheries.

During the first 11 months of 1943, 2,550,000 cases of tuna and 718,000 cases of mackerel had been packed, as against 2,336,000 of tuna and 498,000 of mackerel in the same period the previous year. The 11-month pack of each species is larger than the total 1942 pack.

Although up compared with 1942, production of both tuna and mackerel was below average last year. The recent annual pack of tuna has been about 3½ million cases, Pacific mackerel about one million.

A considerable number of tuna clippers and other boats have been in use by the Army and Navy since early in 1942, and this fact is chiefly responsible for the smaller catches. A number of new boats will enter the tuna and mackerel fisheries next year, which should result in further production increases in 1944, officials of the Coordinator's Office said.

Net Profit Statement Required

Manufacturers of rotenone who file "hardship" applications for price adjustments are required to file, with such petitions, a complete operating statement, which shows among other things, "net profit on operations." This requirement is contained in Amendment 4 to Maximum Price Regulation No. 298, issued January 8 by OPA.

Filing of 1943 Price Reports

The Association has been informed by the Office of Price Administration that a number of canners of formula priced foods have not reported their 1943 prices as required by OPA price regulations. OPA requests canners who are required to file 1943 price reports to complete the forms and submit them as quickly as possible.

Originally, OPA required these reports to be filed by December 31, 1943, but owing to duplicating and shipping difficulties, was unable to supply copies in time for canners to meet that date. For this reason canners are not being held to the December 31 deadline.

CCC Settlement Forms Mailed

Final settlement forms under the Commodity Credit Corporation's purchase and resale program are being mailed by the Food Distribution Administration to canners who have been certified and are on record with that agency. These forms do not cover wage increases or other hardship claims.

Separate forms and complete instructions for filling them out are being mailed for each commodity along with supplementary forms for each type of processing. The final forms are on a company basis and not on a State basis as were the preliminary settlements.

Walsh-Healey Exemption

The *Federal Register* for January 11 published the official text of the order by the Secretary of Labor extending the Walsh-Healey exemptions through 1944 for certain canned and dehydrated fruits and vegetables, which was reported in last week's INFORMATION LETTER. In addition to the list of products published in the December 31, 1942, LETTER, the extension affects orange marmalade which had been added to the products in mid-year through a special order of the Secretary.

Foreign Food Purchasing Plan

A memorandum of understanding between the Foreign Economic Administration, the War Food Administration, and the Commodity Credit Corporation provides for coordination of foreign food purchasing for the Government with the domestic food program, according to a statement issued recently by FEA. Under this memorandum, foodstuffs to be imported into the United States by FEA will be purchased and imported in accordance with directives of WFA. This provision does not apply to foodstuffs purchased abroad by FEA for other than domestic use in this country.

The foreign food program will be in charge of the Foodstuffs Division of the FEA Bureau of Supplies. The CCC personnel which has handled purchases and sales of foreign foods for CCC, and which are now transferred to FEA, will continue to carry out these functions for FEA, it was stated.

Fruit Spread Allocations

Allocations of commercial jams, jellies, marmalades and fruit butters announced January 10 by the War Food Administration, indicate that by June 30, 1944, consumers in this country will have consumed or have in their possession about 56 million pounds of jam, 200 million pounds of jellies, 110 million pounds of marmalade, and nearly 50 million pounds of apple butter. This is about 69 per cent of the approximate total supply for all purposes of 600,000,000 pounds from the 1943-44 pack. Data are not available for the preceding year.

The allocation of fruit spreads is made for the year July 1, 1943, through June 30, 1944, which corresponds to the "fruit use" or pack year, rather than for the calendar year, because total production and supplies of fruit spreads cannot be estimated until the summer's fruit harvest is well in view. Foods are allocated, WFA officials explain, whenever it appears that the demand for these foods will exceed the supply. Total available supplies of such foods are estimated, and a plan is laid to divide them to meet the most essential needs of all claimants, in order to provide for the maximum contribution of these foods in the war program.

Besides civilian consumers, a number of groups share the "spreads" supply. U. S. armed forces are getting about 160 million pounds, or about 27 per cent. With the allocation for civilians, U. S. citizens, including those in the armed forces, will receive about 97 per cent of the total allocable supply of these fruit products. Supplies for friendly countries total only about 3 per cent, with the bulk going to British troops stationed outside Great Britain.

Indiana Fieldmen's Conference

The annual Canners' and Fieldmen's Conference, sponsored by the Indiana Canners Association and Purdue University, will be held February 8 and 9 at Lafayette.

California, Texas Spinach Acreage Increase Indicated

According to reports received by the U. S. Department of Agriculture from spinach canners in California and Texas, the acreage of spinach to be harvested for canning in these two States in 1944 will total 20,190 acres. This is an increase of about 54 per cent over the 1943 acreage.

On the basis of late December and early January reports from California, it appears that the acreage to be harvested for processing will be increased above 1943 by 55 per cent. This prospective acreage is the largest since 1929, when 15,790 acres were harvested. The increase in Texas is 50 per cent above 1943. Similar data are not available at this time for Arkansas, Oklahoma, Maryland, and Virginia, USDA stated.

In the following table USDA presents the 1944 intended acreage of spinach for canning, with comparisons:

State	Planted acreage 1943	Intended in 1944	As per cent of 1943
		1944	
		Acres	%
California.....	9,130	14,190	1.55
Texas.....	4,000	6,000	1.50
Total....	13,130	20,190	1.54

Dry Bean Sales Authorized

Pending amendment of the regulation controlling the price of dry edible beans, the Office of Price Administration has authorized (1) sales and deliveries of carlot quantities of dry edible beans at country shipping points and (2) sales and deliveries of dry edible beans on the basis of a price to be determined in line with action by OPA in the amendment. This authorization was contained in Order No. 1 under Second Revised Maximum Price Regulation No. 270, and was granted to assure more normal movement of dry edible beans.

Vegetable Variety Adaptability

Bringing up to date its reports on the adaptability of certain vegetable varieties in the Winter Garden Region, the Texas Agricultural Experiment Station has recently published Bulletin 626, which supplements Bulletins 508 and 546 and completes the list of varieties on which the Winter Garden Station has publishable information at this time. The present report covers snap and lima beans, beets, carrots, sweet corn, edible copea, okra, peppers, and tomatoes.

OPA ISSUES FORMAL REPLY TO CHARGES MADE IN REPORT OF HOUSE COMMITTEE INVESTIGATING FEDERAL AGENCIES

The Office of Price Administration has issued a statement in answer to the second intermediate report of the House of Representatives Select Committee to Investigate Executive Agencies (the Smith Committee), a brief summary of which was published in the INFORMATION LETTER for November 20.

The OPA statement is presented in the form of an analysis of 26 points selected from the Committee report, grouped under five general subjects: Judicial review of price regulations and orders, administration, grade labeling and standardization, control of profits, and administrative hearings and suspensions. Each point is stated, with a page reference to the report of the Committee, and is then followed by a comment or answer.

The complete statement is too long for reproduction in the LETTER; accordingly, there are reproduced those parts which, it is believed, will be of chief interest to canners. These include, in whole or in part, the statements relating to administration, grade labeling and standardization, and control of profits.

In many instances the legal interpretations advanced by the OPA in its statement have not yet been finally passed upon by the courts.

Representatives of the canning industry appeared before the Select Committee during the course of its investigations. Their testimony was reported, in part, in the INFORMATION LETTERS for June 5 and 12, pages 7087, 7696-7701, and 7716-17.

Following are excerpts from the OPA statement under the respective subject headings:

Administration

4. The administrator has issued an excessive number of regulations, orders, amendments and interpretations. (p. 8.)

As the report states, the Office issued 3,196 regulations, orders and amendments between February 11, 1942, the date the Price Administrator assumed office, and September 1, 1943. Of the 3,196 documents, 454 were maximum price regulations, 24 rationing regulations, and 67 rent regulations (since consolidated into two). To these 545 regulations, there were a total of 2,651 amendments and supplementary orders, an average of less than five per regulation.

Is this number too great? The answer to this question obviously depends, among other things, on the task in hand. The Committee does not reveal what number of regulations, amendments and orders it would consider appropriate to control prices and rents and to ration goods for the whole of the United States and its territories. It should be noted, however, that the 454 maximum price regulations outstanding on September 1, 1943, governed the prices of more than 7,000 different types of commodities sold by more than 3,000,000 non-farm sellers grouped in more than 700 trades and industries. On the face of the matter the actual number of regulations does not seem excessive.

What is more to the point is to examine the Committee's implication that government control becomes more burdensome as the number of regulations and amendments increases. There is, of course, a measure of truth in it. Burdens increase as individual sellers become subject to too many regulations, too frequently amended. OPA has recognized this and has been striving to approach more nearly to the ideal of a single regulation for each distinct type of seller. The Committee ignores the great progress being made in this direction.

For the most part, however, an increasing number of regulations does not mean more regulations per seller. On the contrary, it means increasing differentiation in control for different types of sellers. If a single regulation covers a large number of industries, it necessarily fails to do each one exact justice. When a special regulation is issued which relieves a squeeze or which is tailored to meet the particular needs of the sellers in a single industry, government control becomes less burdensome, rather than more so. The increasing number of regulations thus serves primarily to relieve burdens, not to create them. This simple yet important point seems to have escaped the Committee's attention.

Amendments, as distinguished from regulations, serve almost always to make regulation more acceptable rather than less so. The number of amendments to the regulations is an index of the Administrator's readiness to recognize mistakes or inequities, and to correct them. If the Office is subject to criticism, it is for issuing too few amendments, not too many.

The Committee also refers, critically, to "a veritable multitude of interpretations." As a charge of abuse of power, this is extraordinary. The Administrator might have refused, as administrative agencies used to do, to issue any interpretations whatsoever of his regulations. This would have left sellers to take their chances as to the meaning of the regulations, subject to penalty if they guessed wrong. Such a course would have been fairly open to criticism. Instead, however, the Administrator undertook to give any seller, on demand, an official interpretation which would serve to protect him unless and until it was withdrawn. Once again, if the Office has erred, it is only because it has given too few interpretations too slowly. It is gratified, however, that it has been able to give guidance to as large a number of sellers as it has.

5. The regulations—"complicated and unreasonable," (p. 8) "illegal, absurd, useless and conflicting" (p. 20)—are driving "a large number of our citizens to the point of desperation." (p. 8.)

Had the Committee been content to urge the desirability of greater simplicity and clarity in OPA regulations, it would have met with no objection. The achievement of these ends has been a major objective of OPA policy. Beyond question, the task of learning the requirements imposed by price and rationing controls, like the task of developing them, has not been easy. War cannot be made easy on the home front any more than on the fighting front; but the process of adjustment to its demands ought to be made as clear and simple as human ingenuity can make it.

This much is self-evident. To state the objective, however, is not to solve the problem. The Committee's report makes no effort to contribute to a solution. Instead, it proceeds on the comfortable assumption that a simple set of regulations can be issued. Such an assumption calls for some plain speaking about this matter of simplicity.

American business and pricing practices, far from being simple, are exceedingly intricate and complex. An attempt to write a few simple rules to govern these practices would lead only to confusion. Such rules might be easy for Congressmen to read but they would not be easy for businessmen to apply. To be clear to businessmen, price regulations must often be detailed and technical. Not only must they deal specifically with actual business problems but they must be drafted in terms which are sufficiently definite to prevent evasion and to permit legal proof of compliance and non-compliance. To satisfy all these requirements, in brief clear language, for hundreds of different industries, is a task of little-understood magnitude.

The effort to achieve simplicity, OPA has found, must take two main forms. In the first place, each separate industry must be subjected to the fewest possible number of regulations. Outside the field of distribution, our efforts in this direction have been generally successful. For the retail trades, which handle great varieties of goods, the problem of reducing the number of applicable regulations is constantly being attacked; and substantial progress has been made. In the second place, pricing formulas and provisions must be made as simple as possible. This is a technical problem which OPA is continuously studying. The report does not reflect the steady progress which has been made when it quotes and characterizes as "typical" a badly-drafted definition from a bakery goods regulation applying to fruitcake which was so exceptional that it had been singled out for newspaper ridicule months before the Committee chose to publish it anew. Actually, no other

agency has gone as far as OPA in simplifying the form and style of its regulations. A number of other government agencies and the Canadian price control authorities have requested copies of an OPA memorandum suggesting methods to be used in drafting regulations to achieve the maximum of simplicity possible in documents which are official legal instruments.

6. "This mass of regulations . . . has been largely devised and drafted by obscure officials having little business experience and approved with but cursory review. . ." (p. 8.)

Many of the officials immediately responsible for the preparation of regulations have no doubt been "obscure" in the sense that they are not prominent in the public eye. But the Committee gratuitously implies that an official who is "obscure" is not competent. The OPA staff in fact has comprised a large proportion of people of high ability who have devoted themselves to a thankless task, often at heavy personal sacrifice. The blanket charges which the Committee has seen fit to level against these men and women do them a grave personal injustice. Even more important, they injure the war effort. Other private citizens whose help is urgently needed will naturally hesitate to join OPA when they know that they are likely to be subjected to undiscriminating attacks of this character.

The Committee speaks of the officials as not only "obscure" but "having little business experience." OPA's staff has always included a large number of business specialists. Moreover, as pointed out more fully later, it has continuously had the benefit of advice from prominent businessmen in the industries affected by its regulations. In addition to this, OPA in recent months has brought into its responsible supervisory positions a large number of men who have had long and successful business careers. In taking this action, the Administrator has made it plain that, while he definitely does not share the opinion sometimes expressed that only businessmen are competent to regulate prices, it is his judgment that OPA will benefit by the inclusion in its staff of a larger proportion of such men than it first had. The report, which ignores these facts, is destructive to the morale of numbers of OPA employees and thousands of volunteer members of local boards. It can only make more difficult the task of persuading more businessmen to make the sacrifice involved in coming with OPA.

The Committee, finally, speaks of "cursory review" of the regulations "by those having statutory responsibility for the administration of the Act." There is one such person: The Administrator. It is an obvious impossibility for 500 and more regulations to be framed, or even to be reviewed in detail, by one man. Nowhere in busy government agencies is this attempted to be done. Instead, the Administrator and his principal officials, as in all other agencies, establish controlling principles and policies for the guidance of the staff. In the application of those policies they give careful consideration to issues of importance as they arise and to other issues as to which differences of opinion develop either within the staff or with industry. In OPA, this practice permits detailed, careful review of OPA action to be given by officials conversant both with the Administrator's policies and with the problems of the particular industries involved. This is elementary administrative practice in peacetime. In the pressure of war, it is imperative.

7. The Administrator, in a great many instances, has failed to hold consultations with industries before issuing regulations, despite the statutory requirement that he do so when practicable. (p. 11.)

OPA's present practices with respect to industry consultation are not fairly open to the criticism which the Committee makes. The record does not bear out the charge.

Far from failing to comply with the statute, the Administrator has gone far beyond its requirements in order to encourage greater consultation. The Act requires industry advisory committees to be formed whenever a request is received from a substantial portion of an industry subject to price regulation. The Administrator found that too few committees were being formed by this process. Accordingly, he adopted the policy of appointing an advisory committee on his own motion for every important industry under control, without waiting for a request. Pursuant to this policy, a total of 308 industry advisory committees have been established and are now functioning. Still others are in the process of establishment. In a single week recently no less than 16 formal meetings were held. Informal meetings are still more numerous. Systematic industry consultation is now an integral part of OPA's daily activities.

OPA has been criticized for past failures to consult sufficiently with industry. Here there is room for difference of opinion. But while the issue is now water over the dam, it is important to point out that what the Committee says is unwarranted even as a description of past practices. In the process of formulating regulations, the general practice of the Office has always been to seek the advice and counsel of persons in the affected industries. Only occasional emergencies forced departures from this rule. In the case of many of these departures, industry itself would have suffered from delay if they had not been made.

What, until lately, had not been practicable on most occasions was formal organization of and consultation with industry advisory groups. In a period when the menace of inflation required the devotion of every energy to the creation of a comprehensive system of price regulations, the substitution of informal for formal consultation was frequently imperative. Now, however, that the framework of the system has been established, it is possible to develop to the utmost, as is being done, a process of formal consultation with regularly established groups.

Hardships and Financial Loss

8. The Administrator has disregarded the intent of the Congress in enacting the Price Control Act that prices should be so adjusted that "no person would be forced out of business or be required to sell any commodities at a loss because of the issuance of a price regulation." (p. 9.)

This statement by the Committee as to the intention of Congress precedes a discussion of the problem of individual price adjustments which is considered under point 9 below. This problem is one of genuine difficulty. The Committee merely confuses it, however, with its astonishing assertion as to the purpose and requirements of the statute.

The quoted statement ascribes to the Congress a complete failure to understand certain elementary facts of price control. To require OPA to adjust every maximum price so that no seller would have to sell any commodity at a loss would compel prices to be fixed to cover the prices charged by the highest-priced, highest-cost, least efficient seller in every industry, and to rise with every increase in his cost or decrease in his efficiency. Nothing more inflationary could readily be imagined, nor anything less realistic. Prices set by free competition have always forced high-cost marginal firms out of business in great numbers every year. As pointed out later, the number of business failures has in fact declined sharply under price control. But to expect OPA or any price control agency to eliminate business failures is an extraordinary notion. Even during unrestrained inflation, businesses continue to fail, as German experience demonstrated.

Actually, of course, the Congress knew that prices could not be set so high as to cover the costs of every seller. It required only that prices be "*generally* fair and equitable." In other words, it authorized price control, not profit guarantees. The Emergency Court of Appeals has recognized that the statute permits prices to be set at levels which do not protect the prices or profits of every seller.

Indeed, later in its discussion, the Committee recognizes this also. It recommends that the word "generally" be stricken from the Act. Since the Committee thus recognizes that its own views would require a change in the statute, how can it be that the Administrator, in failing to follow these views, has violated the statute?

Although OPA has recognized with serious concern that many producers have been caught in an economic squeeze between rising costs and frozen prices, the suggestion that these have

been perishing "as 'war casualties'" does not accord well with the fact that business failures are now at the lowest level in half a century. Dun's insolvency index for September 1943 was 8.9; the September figures for the past four years were in 1942, 37.7; in 1941, 48.4; in 1940, 64.6; and in 1939, 70.2.

The low level of business failures is not surprising at a time when corporate profits, far from being frozen, are running still higher than in 1942 when, before taxes, they were four and a half times their 1936-39 average. Even after the heavy wartime taxes, corporations made 151 per cent more than they averaged in 1936-39 and 3 per cent more than in 1929 when taxes were light. Nor were corporations the only gainers. In the trade and service industries, where the bulk of small business is concentrated, Department of Commerce figures for 1942 show retailers' incomes to be 67 per cent, and wholesalers' incomes, 129 per cent, above their 1936-39 averages. Service industries exceeded their 1936-39 average by 32 per cent and topped their 1929 high.

Small stores, instead of being squeezed out by price control, now have a higher percentage of the combined sales of chains and independents than they had in 1941 before retail price control. Comparing third quarter figures, the independents, which had 60.3 per cent of sales in 1941, had 65.7 in 1943.

9. The Administrator has been indifferent to individual hardship and in cases of such hardship has refused to exercise the discretionary power to grant adjustments which the Act confers upon him. (pp. 9-11.)

A letter written by Prentiss M. Brown, as Price Administrator, which the report cites to show his "indifference" to individual hardship, describes the problem of establishing a policy in such cases as "one of the most difficult problems confronting the Office of Price Administration." Currently, the Office is engaged in reexamining the entire question of individual price adjustments, in cases of hardship as well as in other cases. Since no decision has been made in the matter, only general comment will be directed to the Committee's criticism.

The Committee, in the first place, fails to state the ascertainable facts with respect to OPA's existing adjustment policy. It asserts that the Administrator "refuses to exercise" his discretionary power to make individual price adjustments. In fact, no less than seventy regulations contain adjustment provisions. One regulation, in addition, provides for adjustment in the price of virtually any commodity subject to price control whenever a price increase is required to enable a contractor or subcontractor to provide the commodity to the Army, Navy, Maritime Commission, War Shipping Administration, Lend-lease, or any United Nation. These adjustments, it is true, are granted not merely on a showing of hardship but on a further showing that needed goods will be obtained, or economic dislocations avoided, by the granting of relief. These requirements, however, are in the interests of price control and not, as the report asserts, "in the interest, and to serve the convenience of, the Administrator."

In addition, individual adjustments have been given for limited periods, for other than supply reasons, upon a showing of hardship. By far the most important of the regulations under which this has been done is the General Maximum Price Regulation. This regulation froze each seller to the highest prices he had charged during March, 1942. An adjustment provision permitted many individual sellers whose March prices were abnormally low in relation to their competitors' prices to secure adjustments upon a showing of hardship. Cost increases led more and more sellers to resort to this privilege. Subject to a swelling tide of demands for price increases—many, of course, unfounded—the Office found itself less and less able to devote its staff to its primary duty of establishing and administering price ceilings of general application. It was finally recognized that case-by-case treatment was impracticable for an agency serving 135,000,000 people, and an order was issued terminating the privilege of adjusting abnormal prices in November, 1942. (Although the report does not reveal the fact, an adjustment provision was retained to permit price increases to relieve local supply shortages.)

The Committee does not analyze the pros and cons of that difficult decision. Instead, it treats as confessions of guilt two letters by the Administrator which explain and defend it. Significantly, the Committee, in quoting from these letters, omits paragraphs pointing to substitute measures taken to alleviate the situation created by the repeal of the adjustment provision. One omitted paragraph declared the Administrator's intention to issue a regulation setting new ceiling price problems in a single action.

To complete its indictment, the Committee quotes from its hearing (which, incidentally, the Committee has never published) the testimony of a former OPA employee who insisted that price adjustments could readily have been granted to vegetable canners and that canners applying for relief were misled as to its availability. This testimony is so confusing that it is now hard to disentangle it for purposes of correction. However, the facts are stated below.

The witness testified that he had passed on applications for relief by vegetable canners, had found the cases very simple, and had recommended granting price increases. Not only were his recommendations ignored, but, he continued, OPA officials persistently told canners they had a right to file for relief before a November 1, 1942, deadline, when in fact, even before that date, no adjustments could be granted.

Packers' prices for canned vegetables were frozen for about three months in the spring of 1942, first by a temporary regulation and then for three weeks by the General Maximum Price Regulation, the latter containing an adjustment provision. A new regulation —MPR 152—was then issued to cover nearly all these products. It provided a formula for adding certain cost increases to a base-period price. No individual adjustment provision was included, the considered judgment of the Office being that continued case-by-case handling of applications for relief was administratively impracticable. When, therefore, applications for increased prices were received after the issuance of MPR 152, they were treated as petitions for amendment. Actually, a number of amendments were issued in response to these petitions. When the shift was made from the freeze to the formula regulations, some officials mistakenly advised sellers that adjustments could be applied for. These errors were promptly corrected. The deadline for relief to which the testimony refers has no relevance whatever to products under MPR 152, being applicable solely to products under the GMPR.

The testimony that the witness passed on all petitions for relief is surprising, since not he but another official had been assigned to their review. His testimony that he approved most of them is still more surprising, since no individual adjustment provision being in the regulation, there were no standards for approval or specifications as to facts to be submitted. However, the same witness also related an office joke and solemnly assured the Committee of its truthfulness. Doubtless, every office includes some equally confused person among its ex-employees.

Grade Labeling and Standardization

10. The OPA has "gone about at will causing changes in business practices" contrary to Section 2(h) of the Act. (pp. 11-12.)

This blanket charge of violation of Section 2(h) of the statute is supported by only one example. The report says, "No legal or statutory authority has ever given the Office of Price Administration the right to require the grade labeling of any commodity." Since the Congress in a recent amendment has prohibited grade labeling, this assertion raises no question of immediate practical importance. It does, however, raise an issue of good faith which is of lasting importance.

Grade labeling was authorized by Section 2(d) and 2(g) of the original Act. Section 2(d) states:

> Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (*including practices relating to changes in form or quality*) . . .

which in his judgment are equivalent to or are likely to result in price . . . increases . . ., inconsistent with the purposes of this Act. [Emphasis supplied.]

The Administrator is authorized by Section 2(c) of the Act to fix different prices for different grades of a commodity. When a seller charges for a commodity of inferior grade the ceiling price fixed for a higher grade, he is obviously evading price control. He is similarly evading it when he reduces the quality of a commodity without an appropriate reduction in price. These practices of "upgrading" constitute the clearest possible example of "manipulative practices" equivalent to price increases inconsistent with the purposes of the statute. If there were any doubt on this point, it would be settled by the parenthetical phrase in the statute which says in so many words that "manipulative practices" include practices relating to changes in quality.

The Administrator, therefore, was expressly authorized to prohibit upgrading. He was also authorized to make this prohibition effective. To do this, it was important to have some means of enabling the buyer to know the grade of a particular commodity and hence its proper ceiling price. The Act relies heavily on buyer-enforcement of price regulations. A requirement that the grade of a commodity subject to upgrading should be declared on the label is an obvious means of enabling the buyer to protect himself and thus of discouraging the manipulative and evasive practices of upgrading. This requirement is authorized by the plain language of Section 2(g), which says:

> Regulations, orders, and requirements under this Act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

The Committee disregards these clear provisions of the law and relies altogether on Section 2(h) to justify its assertion that grade labeling was unauthorized. A mere reading of that provision, however, should be enough to satisfy anyone that this is incorrect. Section 2(h) contains an exception which in terms preserves in full force the authority conferred by Sections 2(d) and 2(g). It says:

> The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, *except to prevent circumvention or evasion of any regulation, order, price schedule or requirement under this Act.* [Emphasis supplied.]

Congress has now determined that the advantages of preventing the evasion of price control by upgrading are outweighed by the disadvantages of imposing the practice of grade labeling upon an industry which opposes it. This determination will be respected. Congress's later action, however, does not warrant a charge that the original Act was violated.

11. After Congress had affirmatively disapproved of grade labeling, and restricted standardization, by amendment in July, 1943, an associate general counsel of OPA stated in an opinion that Congress had not understood the effect of this legislation with any exactness. (p. 12.)

The report accurately quotes a sentence in an unpublished legal opinion which was submitted to a former Administrator. That sentence is as follows:

> The discussion [i.e., the Congressional debate] shows conclusively that neither the Senate nor the House understood with any exactness what the effect of the provision was.

By disregarding the context of this statement the Committee draws the conclusion that "top officials of the Office of Price Administration" entertain "the opinion that Congress lacks understanding of the legislation it has enacted."

Top officials of the Office of Price Administration most distinctly do not entertain the opinion that Congress lacks understanding of the legislation it enacts. The statement did not refer to legislation generally but to a particular provision of a particular bill. Moreover, it did not say that the provision was not understood in a general way. It said that it was not understood "with any exactness." The opinion was written for the purpose of determining the exact meaning of the provision.

That there was a reasonable foundation for the statement in this context cannot well be denied. The provision, a rider to the vital Commodity Credit Corporation Bill, was introduced and amended on the floor, no committee hearings having ever been directed to its terms. With respect to the most basic of these terms—with which the opinion in question was mainly concerned—the sponsor of the amendment himself stated on the Senate floor, "The word 'standardization' which went into the amendment was not thought of or debated particularly." This quotation from the *Record* appears in the opinion of the associate general counsel and presumably was read by the author of the Committee's report.

Control of Profits

12. The OPA, as part of an unlawful scheme of profit control, has planned to impose ceilings on prices of a commodity where there was no rise or threatened rise in the price of that commodity. (p. 12.)

The charge of improper motive will be considered under the succeeding point. The basic question which the Committee report here raises is one of the proper construction of the provision of the Price Control Act which reads as follows:

> Whenever in the judgment of the Price Administrator the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this Act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act.

The Committee's view seems to be that this language only authorizes so-called "selective" price control. The report speaks of the necessity of "an increase or threatened increase in the price of a particular manufactured commodity." By "threatened increase" it evidently means specific signs of an upward movement in the price of that comomdity, as distinguished from the threat which comes from inflationary pressures in the economy generally.

The OPA view has always been that the Act authorizes either selective control or, if inflationary dangers menace the entire economy, general control. OPA has not merely planned to act but has acted on this belief. In April, 1942, the Administrator issued the General Maximum Price Regulation. That regulation brought the greater part of the economy under price control at one stroke, an action which would have been illegal if the Committee's contention were correct. The regulation was based upon findings that the entire economy was endangered. Its issuance met with substantially universal approval throughout the country. It was not then asserted that the regulation was illegal because the price of some of the commodities affected were still stable and would rise only if the prevailing inflationary pressures were permitted to continue unchecked.

The idea that over-all price control was prohibited would not readily have occurred to anyone at a time when the debates in Congress on the Price Control Act were still fresh in memory. In those debates it was seriously urged that the method of over-all control should be mandatory. The essence of the decision which Congress reached was that choice should be left to the judgment of the Administrator in the light of developing conditions. The report of the Senate Banking and Currency Committee makes this clear when it says that the standards set forth in the bill are "to guide the Administrator in establishing maximum prices for individual commodities or groups of commodities *or, if need be, for all commodities.*" [Emphasis supplied.]

Ceiling prices for *all* commodities clearly could never be set at one time if it had to be shown that the prices of all of them were about to increase simultaneously. General inflation does not work that way. The threat of rising prices is like the threat of contagion. At any one time in, say, an influenza epidemic, some people are sick, some are displaying the first symptoms, others are known to have been exposed, and still others may still have escaped. It would be just as unrealistic to say

that the last two groups are safe from contagion as to say that some prices have not threatened to rise when, as in the spring of 1942, an inflationary movement is under way which potentially affects all prices and all wages. The experience of other countries at this very time shows that no price can escape the ravages of an unchecked inflation. The Congress intended that this country should be protected from such a disaster; and it has been so protected.

13. The Committee found in the files of the former general counsel of OPA "a well devised and planned scheme to control the profits of American industry by freezing them at the level earned by such industry during the period 1936-39, irrespective of whether or not there had been an increase or threatened increase in the price of a particular manufactured commodity." (p. 12.)

This charge is a greatly diluted version of the sensational charges of "profit control" which the Committee's former general counsel brought against OPA in public hearings early last summer.

The Committee appears to have reached a very curious conclusion with respect to those charges. It speaks of the Act as not containing "any authorization for inclusive profit control." [Emphasis supplied.] Again, it indicates its opinion that Congress has not "provided control of profits where there had been no rise or threatened rise" specifically manifested in the price of a particular commodity. Thus, the Committee seems to have decided that "profit control" is proper in the case of commodities which have risen in price since October, 1941 (which are the great majority of all commodities) and improper in other cases.

The truth of the matter is this. Congress did intend, and so provided, that whenever a commodity has been properly brought under price control its ceiling price should be subject to adjustment, upward or downward, in the light of certain "factors of general applicability." Among these are expressly named: "general increases or decreases in costs" and "general increases or decreases in profits earned by sellers of the commodity or commodities during and subsequent to the year ended October 1, 1941." If adjustments in the light of these factors constitute "profit control," then that is what Congress authorized. Whether it authorized price control (or in the Committee's sense "profit control") of commodities which have not risen in price since October 1, 1941, depends on the legal question discussed under the preceding point.

The further truth of the matter is that price adjustments which take into account the general earnings position of an industry cannot, in any fair sense of the term, be described as "profit control." This can most clearly be seen when the question is one of the need for a general price increase. Sellers asking for such an increase invariably refer to the inadequate earnings position of the industry. They would be the first to resent a refusal to consider that position. The Administrator has not so refused. He has said in general that a price increase is required (apart from supply reasons) if, but only if, the aggregate earnings of the industry as a whole compare unfavorably with those realized in a representative peacetime period. For most industries, the years 1936-39, the base period used in the excess profits tax, have seemed most representative.

To consider current earnings in comparison with base-period earnings when a price increase is sought is simple justice, not profit control. Nor does it represent a "freezing" of profits at the level earned during the period 1936-39. Such a "freezing" could be said to take place only if the earnings of that period were used as a measure not only of the right to a price increase but of the need for a price decrease.

No proposal that ceiling prices generally should be reduced in accordance with such a standard has ever been seriously entertained by OPA. The legal question has been explored whether, under the Act, the OPA has authority to reduce prices for an industry so as to yield the industry generally —as distinguished from the individual firms comprising it—no more than the industry's representative peacetime earnings. In proper cases (as where a reduction is necessary to avoid an increase in consumer prices) such authority would plainly appear to exist, even though occasions for its exercise would be few. That OPA has attempted no program of price reductions lowering corporate profits generally to base-period levels is demonstrated by the record-breaking corporate earnings figures set forth earlier in this statement.

The OPA statement then discusses criticisms in the Committee report of David Ginsberg, its former general counsel, and points out that his views had been publicly developed on a number of occasions, both in addresses and in publications.

Ickes Expects 4 Billion Pound Seafood Production for 1944

Coordinator of Fisheries Harold L. Ickes has stated that United States and Alaska production of fish and shellfish in 1944 will probably reach, and may exceed, four billion pounds.

The estimated production of fish and other marine foods next year is expected to be somewhat higher than the 1943 production, and greater by 300,000,000 pounds than the 1942 total. It will, however, be lower than the normal production of about 4,400,000,000 pounds, it was stated.

It is estimated that in 1944 the production of pilchards and menhaden will be at least as large as in 1943. It is probable that the poundage of salmon taken will be larger than it was in 1943, according to Mr. Ickes' statement.

Hope for improved production from the fisheries stems chiefly from the fact that a substantial number of new vessels will be available for service next year. Since July 1 materials have been allotted for 528 new vessels of all types. Of these, 261 were scheduled for completion in the last two quarters of 1943, 143 in the first quarter of 1944, 72 in the second quarter, 41 in the third, and 11 in the fourth. In some cases the completion of vessels will be held up due to lack of engines or parts of engines made necessary by the Navy's expanded program of landing barge construction, but it is believed most of the craft will be ready to enter the fisheries early enough to add to production totals.

The pack of canned fish is expected to increase by about ten per cent over the 1943 totals. Increases are looked for in packs of salmon, Maine and California sardines, and tuna. Somewhat smaller packs of oysters, clam products, shrimp, crabs, and mussels may be in prospect.

Supplies of fresh fish, mainly brought in on the Atlantic Coast, may be larger than 1943, it was stated.

California Sardine Report

Estimated figures on tonnage of sardines delivered to California processing plants and cases of sardines packed during the current season to January 8, 1944, inclusive, as reported by the California Sardine Products Institute, are as follows:

TONNAGE	*Tons*
San Francisco Bay	111,793
Monterey	179,904
Southern California	101,054
[Total	392,751

PACK: Can sizes:	*Cases*
1-lb. ovals	1,119,975
1-lb. talls	1,281,524
½-lb. fillets	17,106
½-lb. round 96's	72,728
8-oz. 100's	6,970
Miscellaneous	50,399
Total	2,548,702

Connally Resigns OPA Post

Reagan P. Connally, director of the Consumer Goods Price Division of the Office of Price Administration, has resigned to return to his duties as president of the Interstate Department Stores, New York City, it has been announced. His successor has not yet been appointed.